EXHIBIT 5

Report on Student Loan Portfolio Default Rates and Default Rates in Financial Reports

May 7, 2007

Prepared by:

Harry Steinmetz, CPA, CFE
Weiser LLP

Weiser

Table of Contents

Section 1) Introduction

At the request of McElroy, Deutsch, Mulvaney & Carpenter, LLP attorneys for the Chapter 7 Trustee of Student Finance Corporation ("SFC" or the "Company"), Charles Stanziale, Weiser LLP and I, Harry Steinmetz, have been asked to evaluate the default rates in SFC's loan database and various financial reports prepared by SFC that reflected these default rates.

I am a partner at Weiser LLP. I am responsible for Weiser's consulting practices including litigation support, bankruptcy, valuation, and transaction services. I have performed numerous forensic accounting and transaction support assignments in the structured finance industry on securitization transactions involving consumer loans, automobile loans, student loans, commercial accounts receivable, collateralized mortgage obligations, and collateralized debt obligations.

The opinions presented in this report are based on the consideration of the documents set forth as exhibits to this report and my many years of forensic accounting experience. My experience, along with a list of the other cases in which I have testified as an expert in the preceding four years, either at trial or at deposition, is included in an exhibit to this report. In connection with this assignment, I have been assisted by and consulted by others at Weiser LLP, all of whom have worked under my direction and supervision. My fee is not contingent on the outcome of the litigation. My time is being billed at my regular hourly rate of $425.

As additional information is provided and as additional documents or facts become known during the course of this matter, I may be asked to perform additional analyses. In addition, I may rely upon, or respond to, the opinions of other experts in this matter. Accordingly, the opinions expressed herein (and the bases therefore) may be modified or supplemented based upon further analysis.

Sincerely,

Harry Steinmetz

Harry Steinmetz
Weiser LLP

May 7, 2007

Section 2) SFC's Business

A) Background

Incorporated in 1993, Student Finance Corporation was in the business of originating student tuition loans directly from students or purchasing student tuition loans from various vocational schools (primarily commercial truck driving schools).

The student loans originated or purchased by SFC were combined into portfolios and periodically as these portfolios became large enough, were sold to banks or outside investors such as financial institutions and insurance companies through securitization transactions. In the securitization transactions, those investors would hold certificates evidencing their interests in grantor trusts collateralized by the SFC student loans.

In 1996, 1997 and 1998, SFC's financial statements reported net proceeds from loan sale/securitization of $20.9 million, $15.3 million and $14.9 million, respectively. In 1996, SFC reported a net loss of $.8 million; in 1997, SFC reported net income of $1 million, and in 1998 reported a net loss of $.8 million. In these three years combined, SFC reported a net loss of $.6 million.

B) Expanding Through Larger Securitization Transactions

In 1999, SFC expanded its business by obtaining new credit facilities with banks thereby enabling it to purchase larger student loan portfolios for future securitization transactions. In order to obtain more favorable ratings and interest rates in these securitization transactions, as well as to improve their marketability, SFC obtained credit enhancement insurance for the student loan portfolios underlying the securitizations. Beginning in 1999, Royal Indemnity Company provided a total of more than $500 million in such credit enhancement insurance in connection with eight separate securitization transactions arranged by SFC.

As a result of improved financing arrangements and the credit enhancement insurance provided by Royal, SFC loan originations were $65 million in 1999 and $166 million in 2000. Loans sold through the April 2000 SFC Grantor Trust 2000-1 securitization transaction totaled $50 million. As each of the next seven securitizations was closing, SFC continued to purchase or originate new student loans in anticipation of another such transaction.

During this period of apparent growth, SFC made distributions totaling millions of dollars to and for the benefit of Andrew Yao and repurchased shares from related parties.

In order to secure the financing and insurance agreements necessary to support the growth of its loan business, SFC represented that default rates were expected to be no

greater than 25%. Consistent with that representation, SFC-created financial records, as well as monthly servicer reports prepared in connection with the securitizations for periods up until January 2002, which reported default rates significantly less than 25%, were comfortably within this limit.

C) Forbearance Payments and Reporting Default Rates

SFC's own records, as well as records maintained by their loan servicer, reveal that as early as 1995, through the expansion of its business in 1999 and until March 2002, SFC was making scheduled monthly payments due on student loans when a student did not make his or her payment ("forbearance payments" or "reserve payments"). SFC's reports to investors in each of the securitization transactions (Servicer Reports) reflected these forbearance payments (along with other actual payments received from students) as if the student had made the payments. As a result of this practice, the report distorted the actual quality of the loan portfolios and misled or defrauded its insurers, lenders and investors who had purchased loans by inducing them to believe the portfolios were performing better than they actually were.

Forbearance payments continued to grow in number and as a percentage of all loans originated, to the point where in March 2002, SFC made forbearance payments on more than 45,000 loans. This represented approximately 45% of all loans in SFC's loan database at that time (except those still owned by SFC). See Exhibit A.

D) Computing the Student Loan Portfolio Performance Without Forbearance Payments

We recomputed the default rates from December 1998 through December 2001 by not including forbearance payments for loans in existence at least one year and noted that these > 1 year default rates trended up in each year from 42% (1998), to 44% (1999), to 52% (2000), and finally to 66% (2001). These rates are in stark contrast to the 25% default rate representations promulgated by SFC management and their investment bankers during this same period.

However, in response to the increasing default rates, SFC management continually increased the number of new students in the loan portfolios to compensate for the shortfalls in cash resulting from the difference between the actual default rates being experienced on existing loans and the much lower rate represented by management. For the default rates to escalate to where they did over time, the credit quality of obligors borrowing money must have diminished and through December 2004, the overall default rate on all loans originated through May 2002 was 81%.

E) Continuing High Defaults Rates Lead to SFC's Insolvency Years Before Its Ultimate Demise

We adjusted the Company's financial statements to reflect the impact of higher default rates on the fair value of certain assets as well as on reported income. In doing so, we reflected a $6.6 million liability on the Company's balance sheet in 1998 when the transaction arose, instead of reflecting this transaction in 2001 and we reflected a $3.4 million increase in the reserve for student loan receivables.

SFC overstated the value of the student loans it had purchased and had not yet sold into a securitization. These loans should have been valued based on the actual default rates being experienced by SFC. SFC does not appear to have utilized the data available in its own records at the time to properly state the necessary reserves for non-payment on the student loans. We utilized the same data that was available to management and computed that loan reserves should have been significantly higher at each year-end. For example in December 1999, the student loan reserves should have been approximately $17 million higher and by September 2001, should have been another approximately $72 million higher than what was recorded by management.

Additionally, by utilizing the lower default rates, SFC artificially inflated the value of the loans in the portfolio. Based on that inflated value, SFC overstated the gain on the sales of those loans. In our analysis, we have assumed no gain should have been recorded.

From an economic perspective, these factors demonstrate that SFC was insolvent as early as 1998, with the insolvency increasing to $144 million by September 2001.

Had SFC reported the true financial condition of its business years earlier, its scheme would have come to an end earlier. SFC's insurers and bankers would have ceased doing business with the Company and its ability to borrow money to buy student loans would have stopped sooner. In essence, SFC's continued existence depended on concealing its true default rate that it disguised through the use of forbearance payments. However this could not continue indefinitely as the magnitude of the forbearance payments grew.

F) The Collapse of SFC and the Consequent Bankruptcy Proceeding

SFC was able to continue funding forbearance payments through the use of loan proceeds and from the proceeds of sales of student loans in securitization transactions. Since these cash proceeds were substantially higher than the actual proceeds being collected from student loans, it was necessary for the Company to continue increasing the number of loans being originated to make up for their cash shortfalls. When the extent of SFC's loan delinquencies, forbearance payments and the ultimate default rates became known in the Spring of 2002, SFC was unable to

continue originating loans through debt or sales of securities and the entire scheme collapsed.

On June 5, 2002, certain creditors of SFC filed an involuntary bankruptcy petition against SFC. Thereafter, Charles A. Stanziale, Jr. Esq. was appointed Chapter 7 Trustee of SFC. Royal filed a $500 million claim on account of the defaulted loans.

Section 3) Default rate statistics

We analyzed the loans by year of origination and recomputed default rates assuming no forbearance payments as of Dec-97, Dec-98, Dec-99, Dec-00, Dec-01, and May-02. Loans seasoned for at least a year provide a sufficient amount of information related to the obligor with respect to their graduation from school, employment status and ability to make loan payments. Looking at the default statistics for loans more than one year old reveals that default rates from December 1998 through December 2001 were 42%, 44%, 52%, and 66%, respectively. See Exhibit B. See Charts – Exhibit C for analysis of default statistics by year of loan origination.

SFC's loan servicing group was required to prepare reports on the performance of loans sold into securitization trusts. These Servicer Reports included among other things, delinquency and loan statistics. Ultimately, the Servicer Reports did not reveal the true default rates until SFC could no longer continue making monthly forbearance payments. See chart below.

Schedule of Servicer Reported Cumulative Default Rates
For 2000 and 2001 Securitization Trusts

Investor Trust	Pool Cut	*As reported* December 2001	*As reported* Last Servicer Report June~Aug 2002	Last Report	Originated Amount
Grantor Trust 2000-1	Feb-00	6.14%	59.56%	August	$50,000,000
Grantor Trust 2000-2	Jul-00	7.84%	80.78%	August	$53,053,642
Grantor Trust 2000-3	Aug-00	10.40%	83.72%	August	$48,459,255
Grantor Trust 2000-4	Nov-00	11.43%	77.35%	August	$29,999,999
Grantor Trust 2001-1	Mar-01	10.83%	82.73%	August	$55,616,551
Grantor Trust 2001-2	Jul-01	8.44%	72.02%	August	$48,286,713
Grantor Trust 2001-3	Oct-01	0.55%	70.19%	June	$80,000,000
Grantor Trust 2001A-1	Sep-01	0.70%	74.47%	June	$100,000,000
				Total	$465,416,160

Forbearance pymts end March 02

Once SFC stopped making forbearance payments in March 2002, reported loan defaults increased dramatically revealing the true performance of the underlying student loans.

Note: Excludes student loans transferred\sold to SFC's warehouse entities.

It is clear from these analyses that SFC management did not reflect its default rates in their financial reports although they knew as early as 1998 that their cash flow was significantly lower than the cash flows being reported to their investors (certificate holders) simply because they had to improve their default statistics with forbearance payments. This ultimately raises the question whether the Company was ever economically feasible.

Section 4) Insolvency

SFC was insolvent as early as 1998 as the fair value of its liabilities exceeded the fair market value of its assets. Below is an overview of some of the major factors that caused SFC's insolvency.

Using SFC management's unadjusted financial statements, total SFC stockholder's equity (deficit) was: Dec-96: $31,509, Dec-97: ($81,137), Dec-98: ($3,448,184), Dec-99: ($15,352,423), Dec-00: $1,391,789 and Sep-01: ($1,507,319). See Exhibit D for their financial statements (as reported by management).

SFC's stockholder's deficits were actually much larger when considering the following factors:

- BestBank student loan repurchase liability of $6.6 million;
- Higher reserves for student loans held on its balance sheet; and
- Lower gains on sales.

Student Loan Repurchase Liability Regarding BestBank

Our solvency analysis reflects a $6.6 million repurchase liability in 1998 resulting from loan sales to BestBank. After BestBank failed in July 1998, the FDIC took over a portfolio of loans that BestBank had purchased from SFC and asserted repurchase obligations against SFC ($6.6 million as of March 1999). Ultimately, the FDIC and SFC entered into a Settlement Agreement on July 1, 2001 whereby SFC paid the FDIC $9 million in cash in exchange for the remaining pool of defaulted and performing loans.

Higher Reserves

Additionally, our solvency analysis reflects an adjustment to the value of the student loans SFC had purchased, which remained on their balance sheet and which they had not yet sold into a securitization. At each of the following periods, we computed this adjustment as follows: See Exhibit E for further details.

December 1998:	$ 3.5 million
December 1999:	$17.3 million
December 2000:	$21.3 million
September 2001:	$89.2 million

Gain on Sales of Loans

With the high delinquency rates experienced from loans originated prior to 2000, as the basis for the expected realization on loans originated subsequent to 1999, management

had no justification to record a gain on the sales of loans originated subsequent to 1999. See financial statement – Exhibit D.

Summary:

When all the adjustments are combined in Exhibit F, SFC was highly unprofitable after 1997 and was insolvent by at least mid-1998. Instead of net income of $11 million that management claimed to earn from 1998 through September 2001, SFC lost more than $130 million. Our computations indicate that SFC was insolvent by at least $14 million in December 1998 and insolvent by at least $144 million in September 2001.

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SFC Ch 7

Weiser LLP Exhibit Index

EXHIBIT A

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SFC
Monthly Schedule of Number of Loans Where SFC Made a Forbearance Payment

Col A	Col B	Col C	Col D
	Forbearance Payment Information		
Month	Monthly # of Loans Where Forbearance Payments Made	Forbearance Payment ($)	Total # of Loans Originated & Serviced (Apr-02)
Jan-94			26
Feb-94			64
Mar-94			108
Apr-94			142
May-94			151
Jun-94			181
Jul-94			251
Aug-94			306
Sep-94			414
Oct-94			497
Nov-94			603
Dec-94			624
Jan-95			664
Feb-95	22	$6,341	711
Mar-95	7	$2,667	790
Apr-95	29	$4,013	828
May-95	-	$0	877
Jun-95	26	$3,766	924
Jul-95	18	$1,486	959
Aug-95	48	$4,773	1,025
Sep-95	31	$2,339	1,099
Oct-95	31	$2,450	1,193
Nov-95	62	$5,118	1,312
Dec-95	32	$2,926	1,397
Jan-96	160	$13,667	1,515
Feb-96	19	$1,677	1,618
Mar-96	124	$11,144	1,816
Apr-96	21	$2,299	1,976
May-96	96	$8,573	2,096
Jun-96	24	$2,382	2,220
Jul-96	86	$8,168	2,301
Aug-96	111	$10,696	2,419
Sep-96	388	$139,117	2,504
Oct-96	87	$19,849	2,593
Nov-96	166	$29,179	2,698
Dec-96	447	$107,526	2,770
Jan-97	276	$61,192	2,862
Feb-97	298	$66,578	2,967
Mar-97	498	$122,490	3,134
Apr-97	381	$86,119	3,286
May-97	219	$22,595	3,420
Jun-97	534	$102,169	3,550
Jul-97	471	$116,805	3,688
Aug-97	473	$98,521	3,809
Sep-97	543	$129,432	4,357
Oct-97	529	$111,965	4,504
Nov-97	530	$88,535	4,691
Dec-97	822	$134,158	4,844
Jan-98	858	$142,689	5,005
Feb-98	874	$123,992	5,252
Mar-98	728	$156,405	5,484
Apr-98	956	$146,564	5,792

SFC
Monthly Schedule of Number of Loans Where SFC Made a Forbearance Payment

Col A	Col B	Col C	Col D
	Forbearance Payment Information		
Month	Monthly # of Loans Where Forbearance Payments Made	Forbearance Payment ($)	Total # of Loans Originated & Serviced (Apr-02)
May-98	1,084	$144,867	6,105
Jun-98	1,176	$165,158	6,500
Jul-98	790	$215,290	7,001
Aug-98	710	$170,664	7,843
Sep-98	1,204	$141,008	8,609
Oct-98	1,681	$250,517	9,248
Nov-98	1,160	$216,733	9,963
Dec-98	1,446	$302,800	10,629
Jan-99	1,143	$161,899	11,287
Feb-99	1,213	$182,315	12,167
Mar-99	1,923	$525,212	13,243
Apr-99	334	$118,626	14,247
May-99	250	$124,098	15,193
Jun-99	413	$80,781	16,213
Jul-99	545	$118,572	17,404
Aug-99	405	$88,176	18,923
Sep-99	1,372	$191,526	20,224
Oct-99	1,428	$253,424	21,603
Nov-99	1,526	$249,817	23,112
Dec-99	2,087	$191,641	24,450
Jan-00	1,942	$315,161	25,824
Feb-00	2,196	$362,588	27,846
Mar-00	3,107	$545,028	30,072
Apr-00	4,149	$742,983	32,010
May-00	2,011	$457,412	34,110
Jun-00	2,356	$435,454	36,532
Jul-00	4,501	$672,023	38,636
Aug-00	7,403	$960,088	41,457
Sep-00	7,897	$1,328,781	44,092
Oct-00	10,068	$1,322,033	46,593
Nov-00	9,977	$1,079,917	49,238
Dec-00	12,775	$1,569,113	51,541
Jan-01	14,045	$1,721,319	54,674
Feb-01	15,847	$1,839,432	57,982
Mar-01	16,891	$1,806,140	61,543
Apr-01	20,898	$2,461,980	64,763
May-01	18,272	$1,987,327	68,572
Jun-01	18,304	$1,956,661	72,357
Jul-01	26,365	$3,209,693	76,509
Aug-01	24,988	$2,981,311	81,926
Sep-01	28,134	$3,436,663	85,999
Oct-01	29,591	$3,569,483	90,964
Nov-01	32,779	$4,252,568	95,435
Dec-01	35,521	$4,594,729	99,069
Jan-02	40,767	$5,188,770	103,393
Feb-02	43,580	$5,591,321	106,920
Mar-02	45,597	$6,115,245	107,774
Total		$66,496,713	

EXHIBIT B

SFC Ch 7
Static Pool Analysis of All Loans by Bank ID\Origination Year

All Loans Total

AS OF DECEMBER 1997	Inception - 1997	Total until Dec 1997
Default # of loans	1,373	1,373
Default $ Original Loan Amount	$6,536,817	$6,536,817
Total # loans	4,844	4,844
Total $ loans Orig Loan Amt	$20,939,617	$20,939,617
Default % # loans	28.3%	28.3%
Default % $ loans	31.2%	31.2%

AS OF DECEMBER 1998	Inception - 1997	1998	Total until Dec 1998
Default # of loans	2,009	448	2,457
Default $ Original Loan Amount	$9,152,373	$1,972,661	$11,125,034
Total # loans	4,844	5,788	10,632
Total $ loans Orig Loan Amt	$20,939,617	$24,022,762	$44,962,379
Default % # loans	41.5%	7.7%	23.1%
Default % $ loans	43.7%	8.2%	24.7%

AS OF DECEMBER 1999	Inception - 1997	1998	1999	Total until Dec 1999
Default # of loans	2,594	2,030	1,941	6,565
Default $ Original Loan Amount	$11,176,835	$8,964,165	$9,012,499	$29,153,468
Total # loans	4,844	5,788	13,818	24,450
Total $ loans Orig Loan Amt	$20,939,617	$24,022,762	$65,724,582	$110,686,961
Default % # loans	53.6%	35.1%	14.0%	26.9%
Default % $ loans	53.4%	37.3%	13.7%	26.3%

1999 Default % # loans (seasoned > 1 year (97 & 98)) 43.6%

AS OF DECEMBER 2000	Inception - 1997	1998	1999	2000	Total until Dec 2000
Default # of loans	3,091	2,878	6,798	6,675	19,442
Default $ Original Loan Amount	$13,238,101	$12,346,870	$34,499,679	$41,189,369	$101,274,018
Total # loans	4,844	5,788	13,818	27,091	51,541
Total $ loans Orig Loan Amt	$20,939,617	$24,022,762	$65,724,582	$166,311,508	$276,998,468
Default % # loans	63.8%	49.7%	49.2%	24.6%	37.7%
Default % $ loans	63.2%	51.4%	52.5%	24.8%	36.6%

2000 Default % # loans (seasoned > 1 year (97~99)) = 52.2%

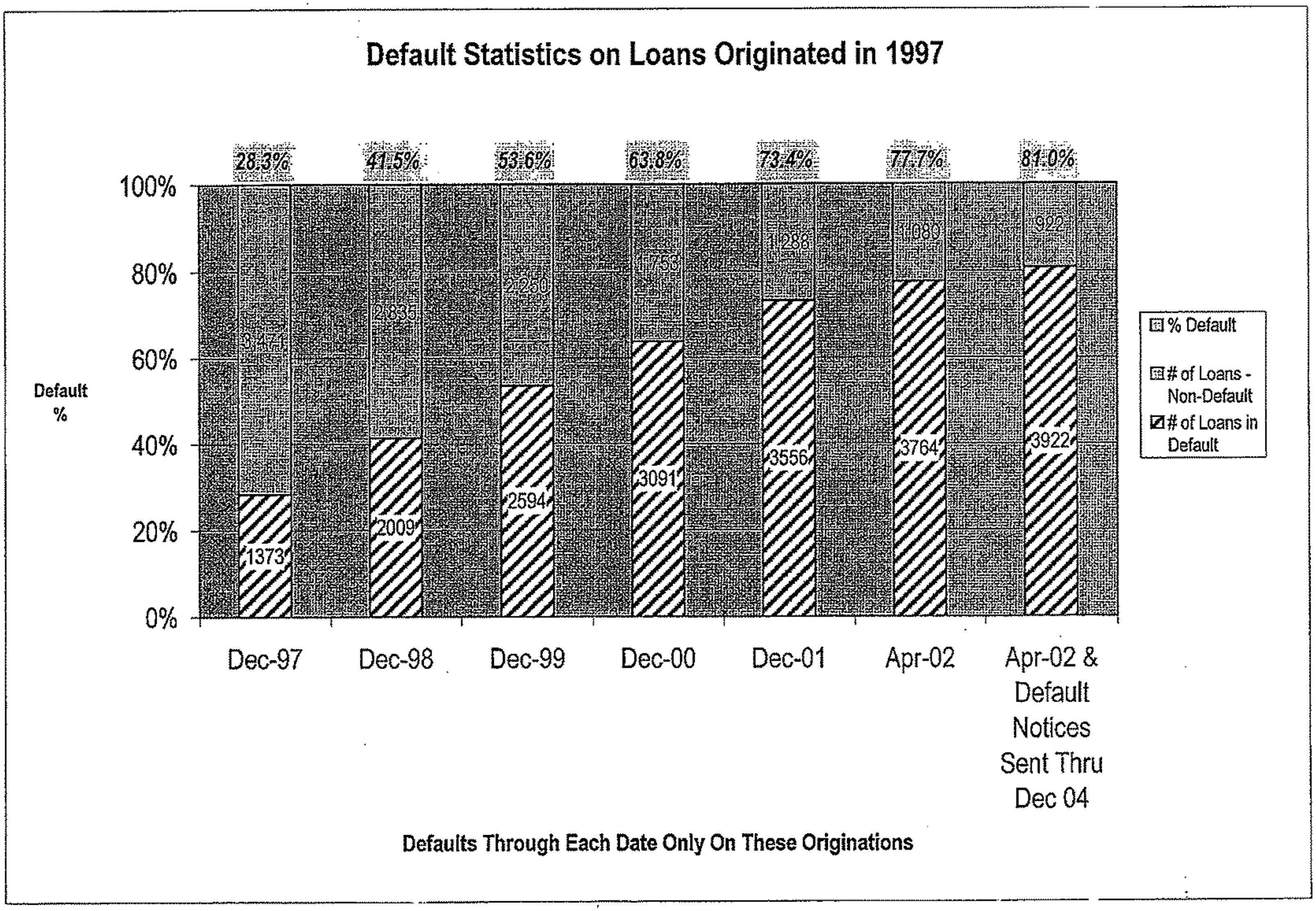
AS OF DECEMBER 2001	Inception - 1997	1998	1999	2000	2001	Total until Dec 2001
Default # of loans	3,556	3,295	8,339	18,756	13,711	47,657
Default $ Original Loan Amount	$15,278,989	$14,078,432	$41,666,894	$119,711,083	$105,047,164	$295,782,563
Total # loans	4,844	5,788	13,818	27,091	47,528	99,069
Total $ loans Orig Loan Amt	$20,939,617	$24,022,762	$65,724,582	$166,311,508	$357,622,273	$634,620,742
Default % # loans	73.4%	56.9%	60.3%	69.2%	28.8%	48.1%
Default % $ loans	73.0%	58.6%	63.4%	72.0%	29.4%	46.6%

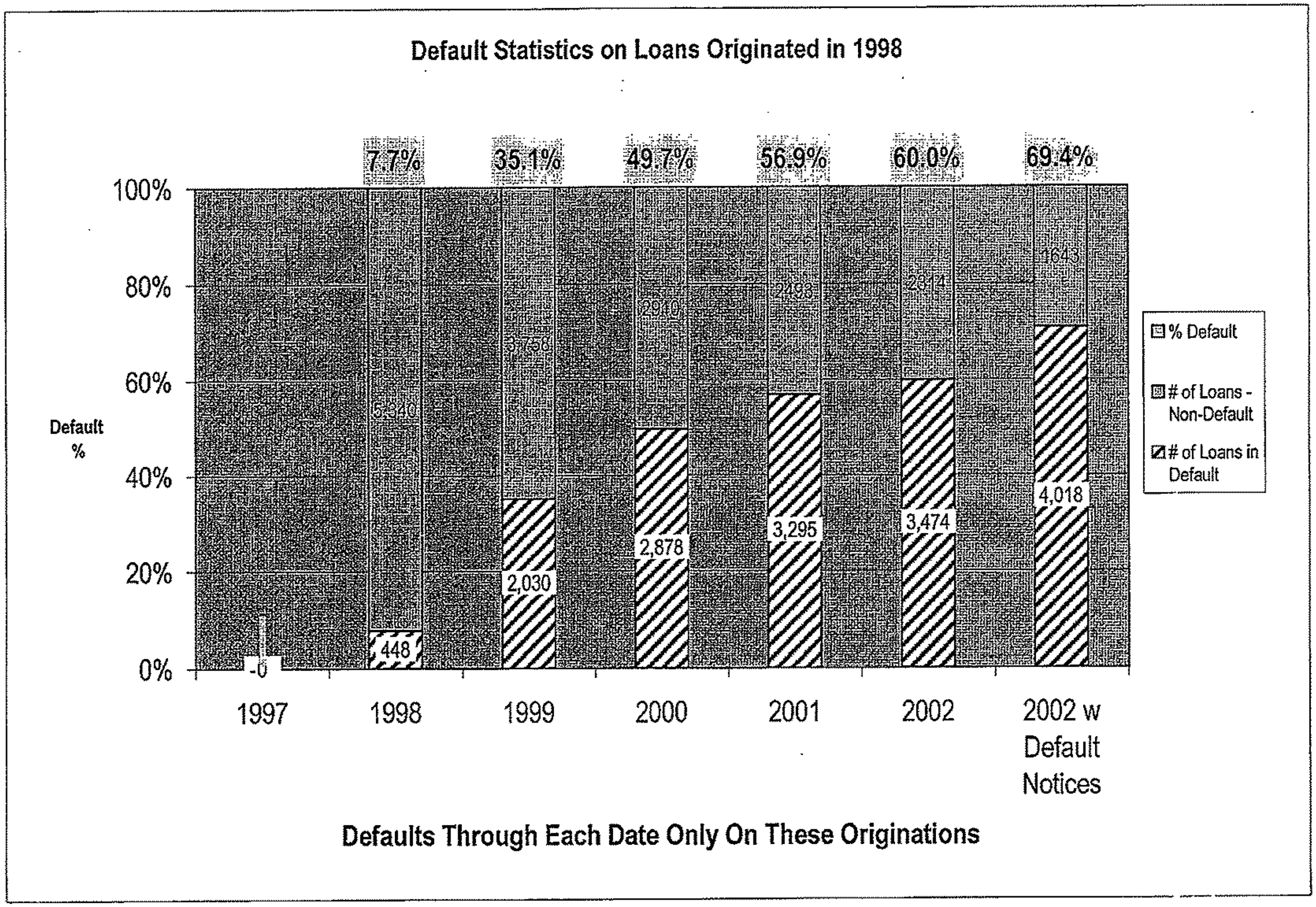
2001 Default % # loans (seasoned > 1 year (97~00)) = 65.9%

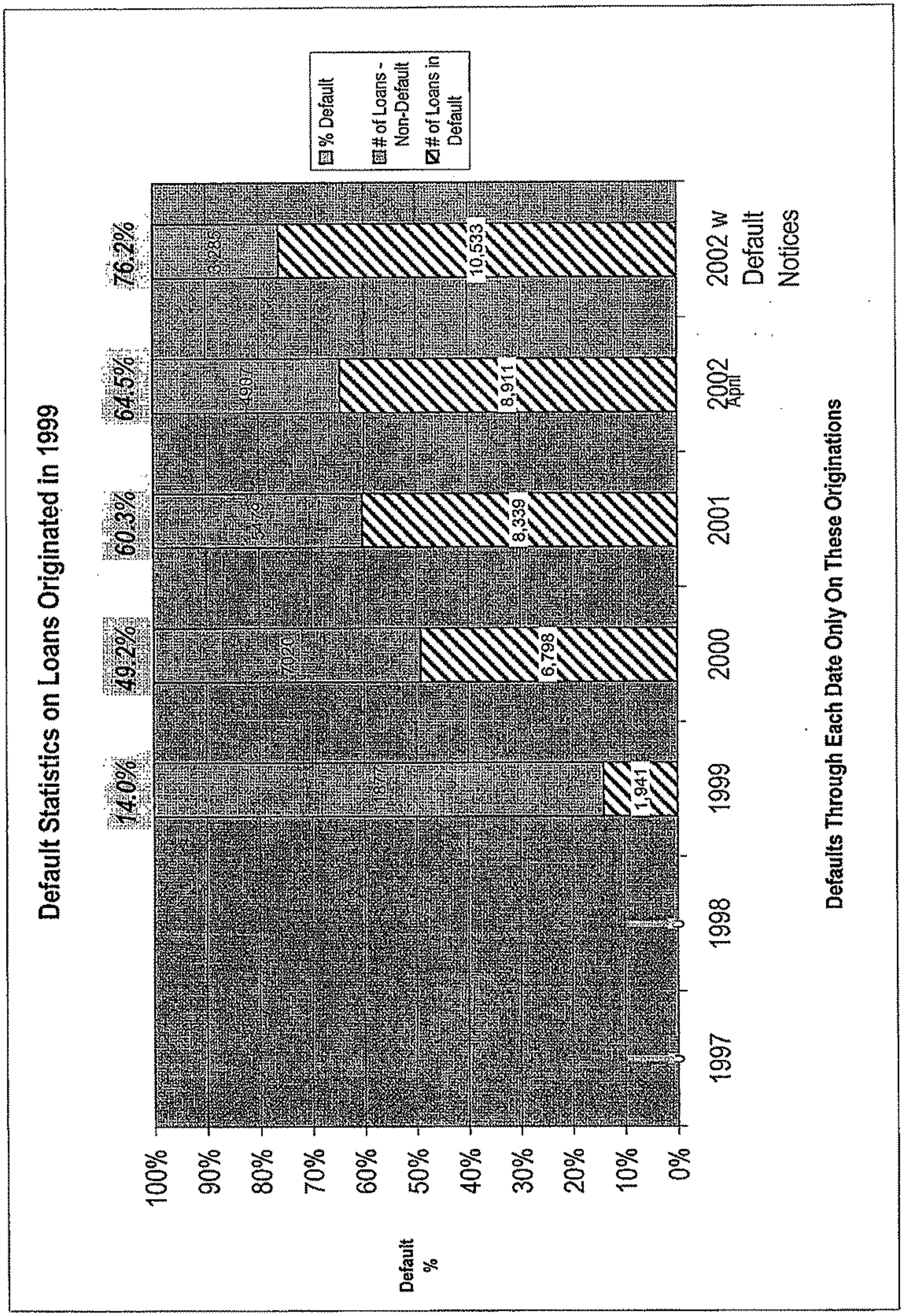
TOTAL AS OF MAY 2002	Inception - 1997	1998	1999	2000	2001	2002	Total until May 2002
Default # of loans	3,764	3,474	8,811	20,326	29,710	30	66,215
Default $ Original Loan Amount	$16,222,398	$14,847,492	$44,289,309	$128,923,145	$232,796,221	$273,588	$437,352,154
Total # loans	4,844	5,788	13,818	27,091	47,528	8,705	107,774
Total $ loans Orig Loan Amt	$20,939,617	$24,022,762	$65,724,582	$166,311,508	$357,622,273	$72,579,942	$707,200,684
Default % # loans	77.7%	60.0%	64.5%	75.0%	62.5%	0.3%	61.4%
Default % $ loans	77.5%	61.8%	67.4%	77.5%	65.1%	0.4%	61.8%

TOTAL WITH DEFAULT NOTICES SENT AFTER MAY 2002	Inception - 1997	1998	1999	2000	2001	2002	Total w Default Notices May 2002
Default # of loans	3,922	4,018	10,533	23,462	40,785	4,543	87,263
Default $ Original Loan Amount	$16,938,265	$17,073,722	$51,456,048	$146,510,930	$313,173,311	$38,262,449	$583,414,726
Total # loans	4,844	5,788	13,818	27,091	47,528	8,705	107,774
Total $ loans Orig Loan Amt	$20,939,617	$24,022,762	$65,724,582	$166,311,508	$357,622,273	$72,579,942	$707,200,684
Default % # loans	81.0%	69.4%	76.2%	86.6%	85.8%	52.2%	81.0%
Default % $ loans	80.9%	71.1%	78.3%	88.1%	87.6%	52.7%	82.5%

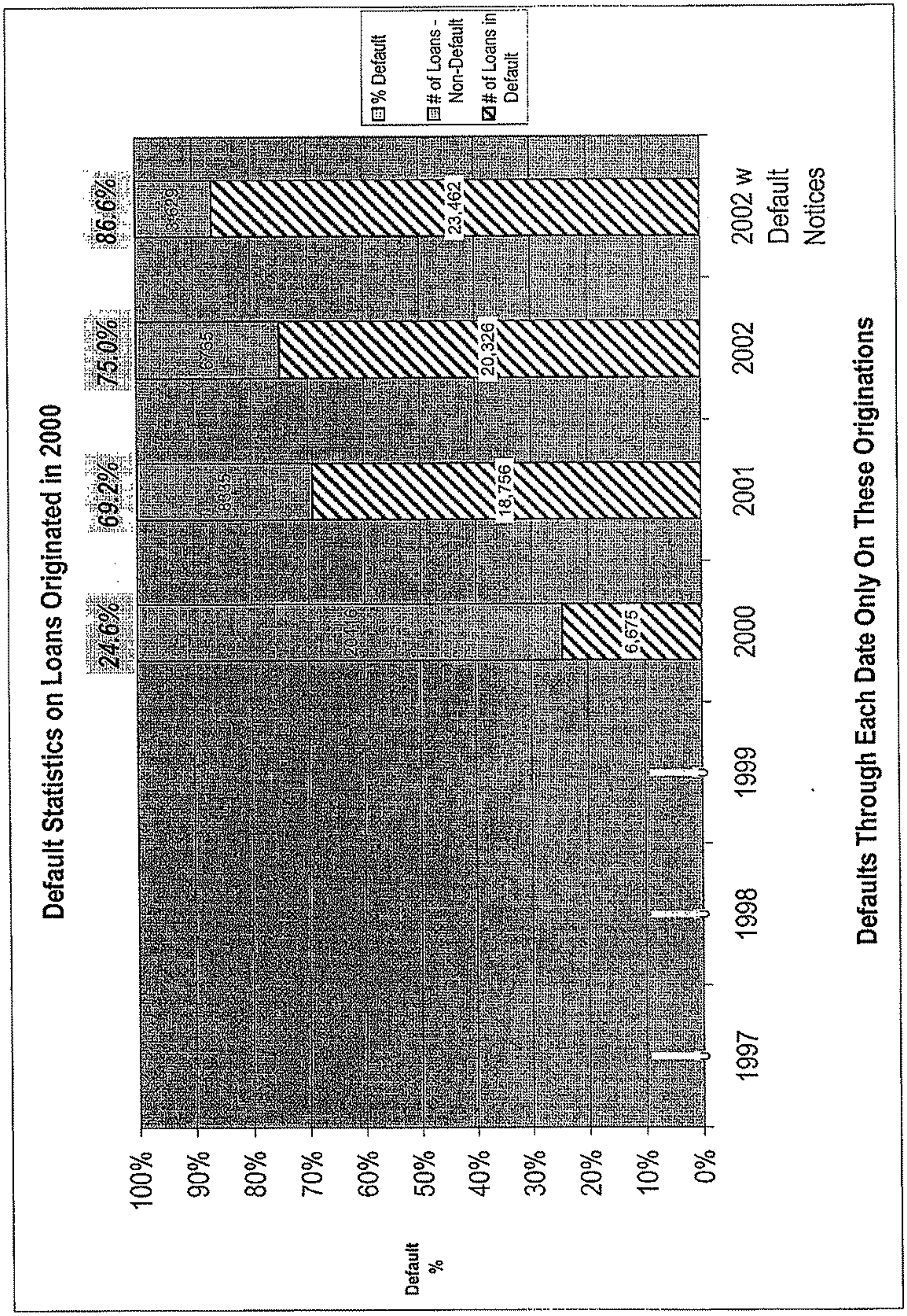
EXHIBIT C

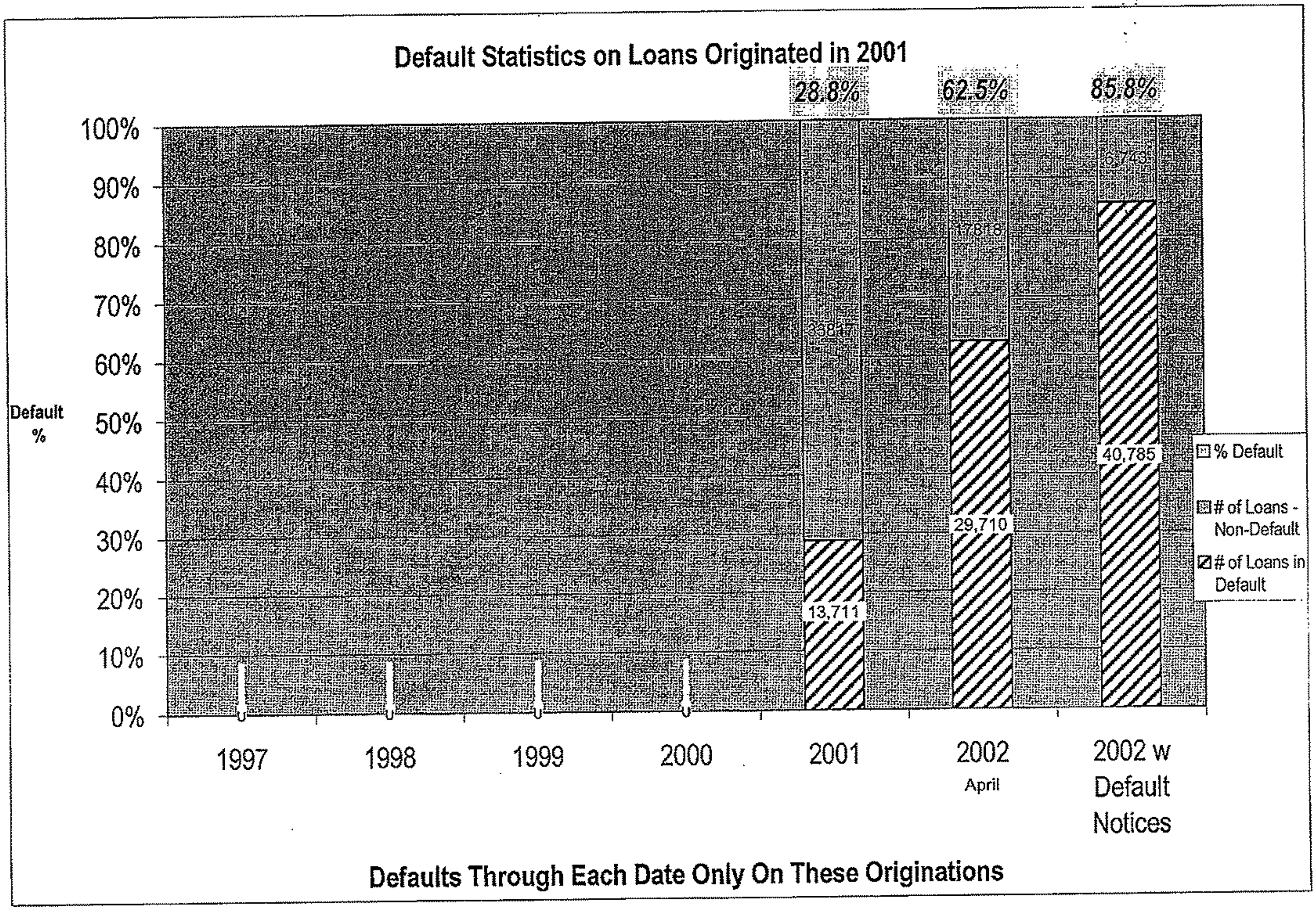

Default Statistics on Loans Originated in 1997
28.3%
41.5%
53.6%
63.8%
73.4%
77.7%
81.0%
3471
2835
2250
1753
1288
1080
922
1373
2009
2594
3091
3556
3764
3922
100%
80%
60%
40%
20%
0%
Default %
Dec-97
Dec-98
Dec-99
Dec-00
Dec-01
Apr-02
Apr-02 & Default Notices Sent Thru Dec 04
% Default
# of Loans - Non-Default
# of Loans in Default
Defaults Through Each Date Only On These Originations

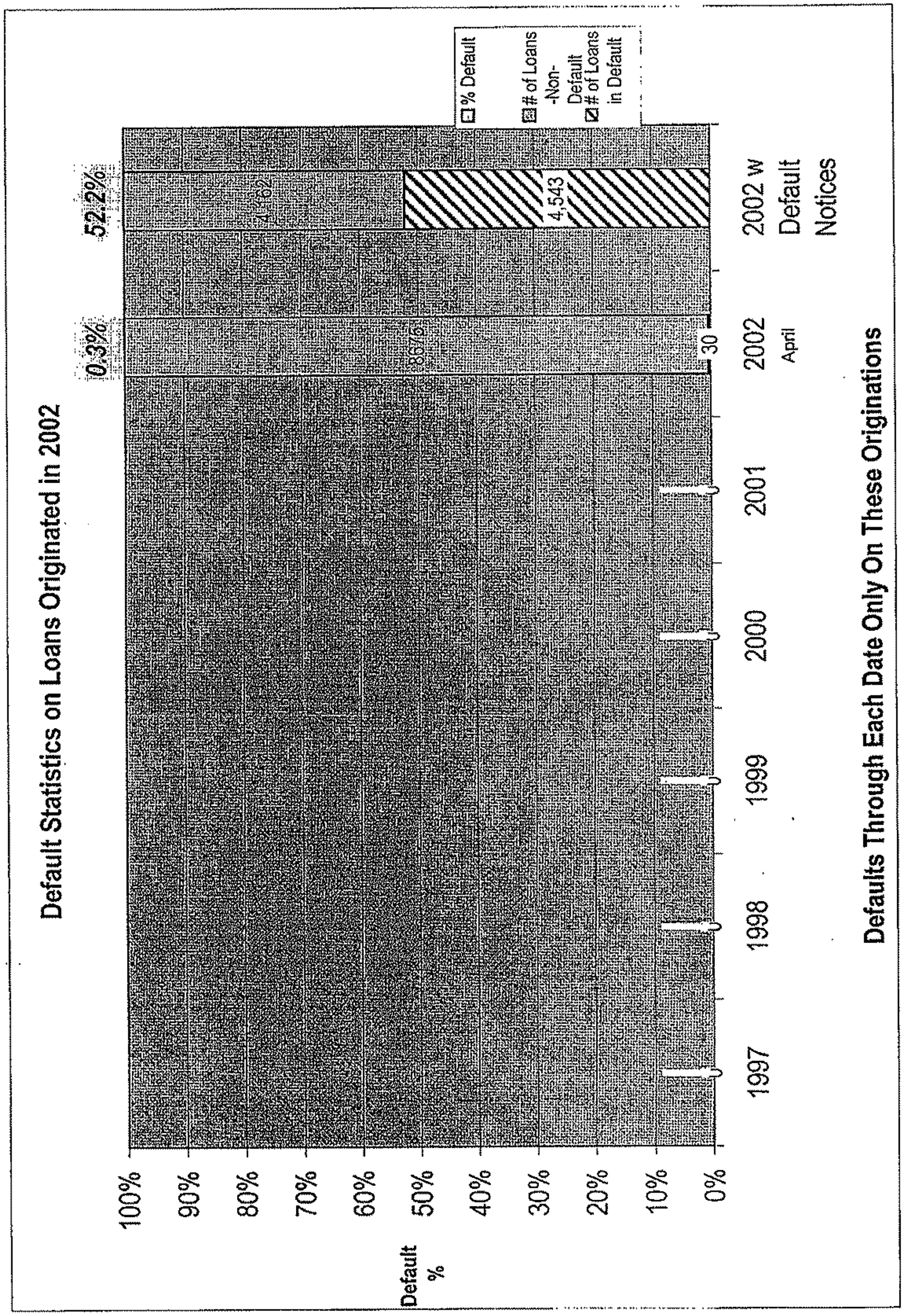

Default Statistics on Loans Originated in 1998
7.7%
35.1%
49.7%
56.9%
60.0%
69.4%
100%
80%
60%
40%
20%
0%
Default %
-0
448
2,030
2,878
3,295
3,474
4,018
1643
1997
1998
1999
2000
2001
2002
2002 w Default Notices
% Default
# of Loans - Non-Default
# of Loans in Default
Defaults Through Each Date Only On These Originations

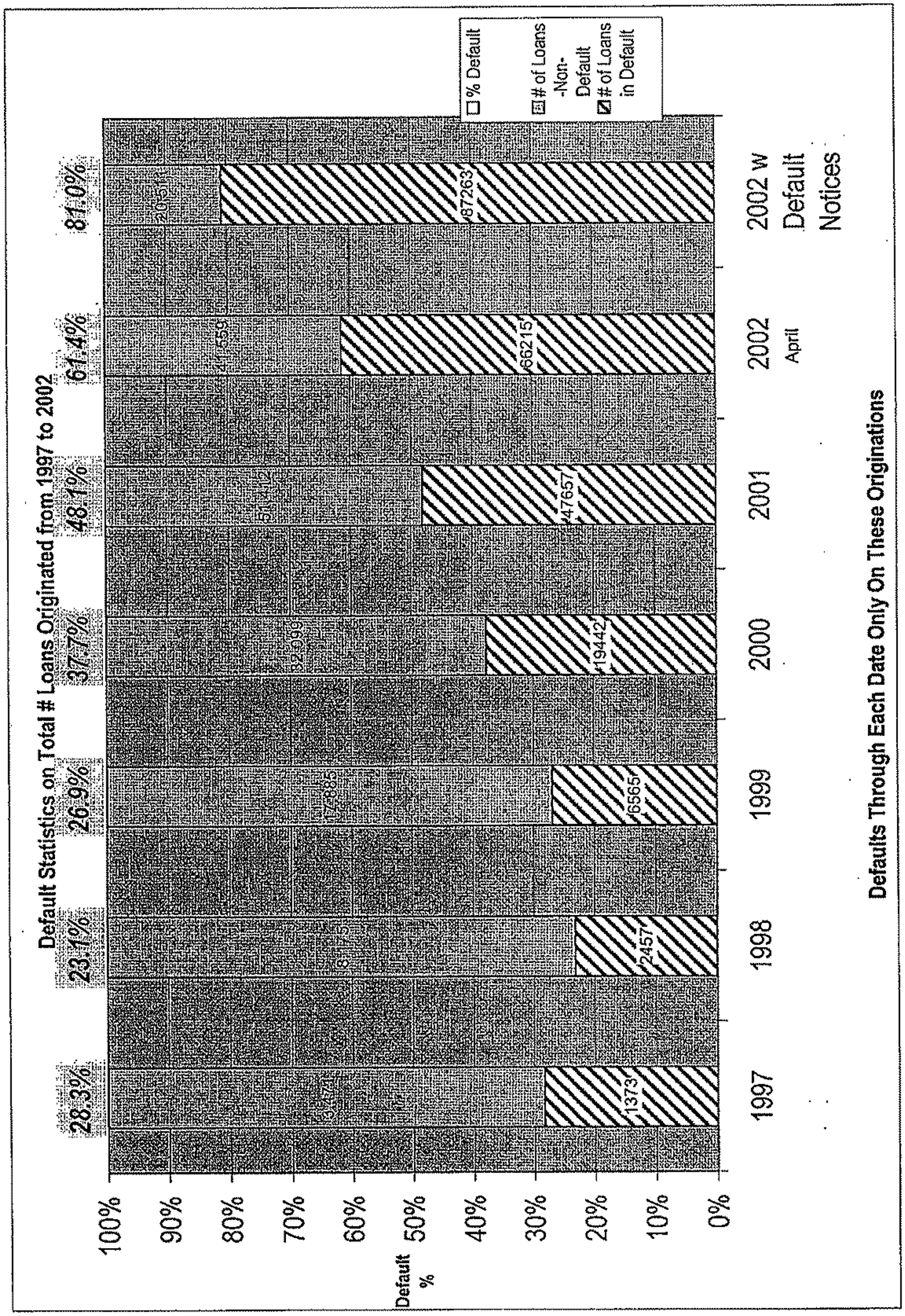

Default Statistics on Loans Originated in 1999
Default %
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
1997
1998
1999
2000
2001
2002 April
2002 w Default Notices
14.0%
49.2%
60.3%
64.5%
76.2%
1,941
6,798
8,339
8,911
10,533
% Default
# of Loans - Non-Default
# of Loans in Default
Defaults Through Each Date Only On These Originations

7


Default Statistics on Loans Originated in 2000
% Default
# of Loans - Non-Default
# of Loans in Default
Default %
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
24.6%
69.2%
75.0%
86.6%
6,675
18,756
20,326
23,462
1997
1998
1999
2000
2001
2002
2002 w Default Notices
Defaults Through Each Date Only On These Originations


Default Statistics on Loans Originated in 2001
28.8%
62.5%
85.8%
Default %
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
13,711
29,710
40,785
% Default
# of Loans - Non-Default
# of Loans in Default
1997
1998
1999
2000
2001
2002
April
2002 w Default Notices
Defaults Through Each Date Only On These Originations


Default Statistics on Loans Originated in 2002
Default %
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
% Default
# of Loans -Non-Default
# of Loans in Default
0.3%
8676
30
52.2%
4,543
1997
1998
1999
2000
2001
2002 April
2002 w Default Notices
Defaults Through Each Date Only On These Originations



Default Statistics on Total # Loans Originated from 1997 to 2002
Default %
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
28.3%
23.1%
26.9%
37.7%
48.1%
61.4%
81.0%
1373
2457
6565
19442
47657
66215
87263
1997
1998
1999
2000
2001
2002 April
2002 w Default Notices
% Default
# of Loans -Non-Default
# of Loans in Default
Defaults Through Each Date Only On These Originations

EXHIBIT D

Weiser

Student Finance Corporation & Subsidiaries Consolidated Balance Sheet	Year Ended Dec 31, 1996	Year Ended Dec 31, 1997	Year Ended Dec 31, 1998	Year Ended Dec 31, 1999	Year Ended Dec 31, 2000	9 Months Ended Sept 30, 2001
Assets						
Cash and cash equivalents	$776,605	$1,105,979	$719,379	$1,478,399	$2,627,003	$6,680,783
Restricted cash				$3,585,715	$13,109,652	$43,995,872
Retained interest-interest only strips					$12,766,882	$17,368,521
Receivables		$3,967,725	$14,603,302	$81,606,791	$60,872,035	$216,037,609
Less: unearned discount		$101,000	$1,868,000	$7,084,530	$8,368,703	$47,593,798
Receivables after unearned discount	$3,588,514	$3,866,725	$12,735,302	$74,522,261	$52,503,332	$168,443,811
Less: Allowance for credit losses	$1,443,294	$2,000,000	$1,800,000	$15,078,000	$6,047,000	$21,799,344
Receivables, net of allowance for credit losses and unearned discount	$2,145,220	$1,866,725	$10,935,302	$59,444,261	$46,456,332	$146,644,467
Convertible notes receivable, related entity					$7,756,554	$6,456,474
Due from related entities	$242,000	$6,258	$1,689,123	$3,957,688	$40,002	
Note receivable,stockholder	$1,839,242	$1,839,242	$1,839,242	$1,839,242	$0	
Investment in affiliate					$1,381,364	$2,149,123
Prepaid credit insurance				$9,244,011	$5,510,208	$1,870,154
Prepaid expenses and other assets	$13,186	$325	$2,300	$795,465	$631,194	$657,613
Property, software and equipment,net	$171,289	$316,517	$423,129	$1,082,822	$3,210,881	$4,117,466
Total assets	$5,187,542	$5,135,046	$15,608,475	$81,427,603	$93,490,072	$229,940,473
Liabilities and Stockholder's Deficiency						
Liabilities						
Warehouse lines of credit				$78,593,310	$56,515,227	$167,895,587
Notes payable	$2,495,578	$342,830	$9,850,000	$4,587,482	$650,000	$650,000
Subordinated debt	$1,000,000	$2,000,000	$3,000,000	$3,000,000	$3,000,000	$9,225,000
Servicing cost obligation		$152,000	$275,000	$449,260	$74,313	$74,313
School reserves	$1,236,530	$2,096,068	$4,500,000	$7,367,768	$26,618,972	$47,996,295
Due to related entities	$68,770	$302,326			$1,304,499	$243,139
Due to bank			$1,168,297	$997,245	$1,007,533	$3,865,089
Accounts payable and accrued expenses	$355,155	$322,959	$263,362	$1,784,961	$2,927,739	$1,498,369
Total liabilities	$5,156,033	$5,216,183	$19,056,659	$96,780,026	$92,098,283	$231,447,792
Commitments and contingency						
Stockholder's deficiency						
Common stock, $.01 par value						
Authorized 5,000 shares						
1,336 and 100 shares issued and outstanding at December 31, 2000 and 1999,1998 and 1997	$1	$1	$1	$1	$13	$1
Additional paid-in capital	$149,999	$149,999	$149,999	$149,999	$265,440	$149,999
Retained earnings (deficit)	($118,491)	($231,137)	($3,598,184)	($15,502,423)	$1,126,336	($1,657,319)
Total stockholder's equity (deficit)	$31,509	($81,137)	($3,448,184)	($15,352,423)	$1,391,789	($1,507,319)
Total liabilities and stockholder's equity (deficit)	$5,187,542	$5,135,046	$15,608,475	$81,427,603	$93,490,072	$229,940,473

Student Finance Corporation and Subsidiaries Consolidated Statements of Operations and Deficit	Year Ended Dec 31, 1996	Year Ended Dec 31, 1997	Year Ended Dec 31, 1998	Year Ended Dec 31, 1999	Year Ended Dec 31, 2000	9 Months Ended Sept 30, 2001
Revenues						
Net gains on sales of loan receivable	$1,951,100	$3,578,419	$4,810,012		$34,853,112	$18,401,447
Fees and other	$153,783	$312,156	$427,976	$1,100,352	$2,722,464	$1,302,072
Interest	$8,894	$98,760	$1,061,034	$7,918,649	$12,131,220	$11,606,763
Interest accretion on interest only strips					$345,762	
Total revenues	$2,113,777	$3,989,335	$6,299,022	$9,019,001	$50,052,558	$31,310,282
Operating expenses						
Interest	$265,048	$355,283	$460,715	$6,586,923	$7,448,272	$6,713,086
Salaries and related benefits	$165,066	$515,727	$1,261,961	$2,406,079	$4,232,952	$4,629,392
Credit losses					$2,403,896	$758,081
Marketing	$133,192	$132,123	$143,390	$295,961	$567,888	
Consulting fees				$3,250,385	$2,767,357	$1,906,865
Professional fees	$232,106	$481,612	$680,492	$1,067,561	$2,524,808	$1,453,614
Provision for credit losses	$215,630	$172,920	$1,602,809			
Servicing	$17,609	$271,216	$242,117	$398,344	$1,464,157	$2,297,622
Origination expense				$525,414	$1,387,990	$2,559,260
Office Expense			$330,281	$843,857	$1,003,806	$2,287,176
Rent and Utilities			$157,299	$298,760	$574,728	$590,615
Depreciation and amortization				$108,521	$651,646	
Credit insurance				$691,615	$4,588,175	$7,851,450
Other	$239,264	$499,125	$396,324	$509,820	$592,516	$487,910
Total operating expenses	$1,267,915	$2,428,006	$5,275,388	$16,983,240	$30,208,191	$31,535,071
Operating income (loss) before loss from securitization and loss on investment	$845,862	$1,561,329	$1,023,634	($7,964,239)	$19,844,367	($224,789)
Other expenses						
Write-off of due-from bank			($1,853,181)			
Loss on investment		($500,000)				
Loss from securitization	($1,670,633)					
Equity in earnings of affiliate					$246,258	$767,759
Net income (loss)	($824,771)	$1,061,329	($829,547)	($7,964,239)	$20,090,625	$542,970
Distributions to stockholder	($775,000)	($1,173,975)	($2,537,500)	($3,940,000)	($3,461,866)	($2,395,000)
Issuance of additional common stock and paid-in-capital					$115,453	($115,453)
Required and retained treasury stock						($931,625)
Total stockholder's equity(deficit) at beginning of year	$1,631,280	$31,509	($81,137)	($3,448,184)	($15,352,423)	$1,391,789
Total stockholder's equity(deficit) at end of year	$31,509	($81,137)	($3,448,184)	($15,352,423)	$1,391,789	($1,507,319)

Student Finance Corporation & Subsidiaries					
Consolidated Statement of Cash Flows	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	Dec 31,	Dec 31,	Dec 31,	Dec 31,	Dec 31,
	1996	1997	1998	1999	2000
Cash flows from operating activities					
Net income (loss)	($824,771)	$1,061,329	($829,547)	($7,964,239)	$20,090,625
Adjustments to reconcile net income (loss) to net					
cash provided by (used in) operating activities					
Net gain on sales of loans receivable	($1,951,100)	($3,578,419)	($4,810,012)		($34,853,112)
Write-off of due from bank			$1,853,181		
Loss on securitization	$1,670,633				
Loss on investment		$500,000			
Provision for credit losses	$215,630	$172,920	$1,602,809		
Depreciation and amortization	$13,132	$27,912	$44,600	$108,521	$651,646
Changes in assets and liabilities					
(Increase)decrease in assets					
Restricted cash				($3,585,715)	($9,523,937)
Due from bank	$1,012,028	($637,537)	$784,221	$658,706	$24,127
Due from insurance company	($1,988,459)	$625,588	$258,195	($116,168)	$820,355
Net proceeds from sales/securitization					
of loans receivable	$20,903,711	$15,275,712	$14,995,895		$161,618,387
Purchases of loans receivable	($14,628,695)	($3,772,900)			
Loan originations, net	($5,030,732)	($8,142,221)	($22,628,931)	($67,219,896)	($111,502,139)
Principal collected on loans receivable	$60,869	$103,566	$801,874	$5,064,659	$5,536,361
Allowance for credit losses	$342,923	$383,786	($1,802,809)	$13,278,000	($9,031,000)
Due from related entities	($107,000)	$235,742	($1,682,865)	($2,268,565)	($1,999,626)
Retained interest-interest only strips					($12,766,882)
Prepaid credit insurance				($9,244,011)	$3,733,803
Prepaid expenses and other assets	($9,826)	$12,861	($1,975)	($793,165)	$164,272
Increase(decrease) in liabilities					
School reserves	($799,313)	$859,538	$2,403,932	$2,867,768	$19,251,204
Accounts payable and accrued expenses	$307,599	($32,196)	($59,597)	$1,521,599	$1,142,781
Due to bank			$1,168,297	($171,052)	$10,288
Due to related entities	$68,770	$233,556	($302,326)		$1,304,498
Net cash provided by (used in) operating activities	($744,601)	$3,329,237	($8,205,058)	($67,863,558)	$34,671,651
Cash flows from investing activities					
Purchase of property, software and equipment	($122,475)	($173,140)	($151,212)	($768,214)	($2,779,705)
Investment in affiliate					($1,381,364)
Investment in preferred stock		($500,000)			
Net cash (used in) investing activities	($122,475)	($673,140)	($151,212)	($768,214)	($4,161,069)
Cash flows from financing activities					
Net (decrease) increase in borrowings under					
warehouse lines of credit				$78,593,310	($22,078,083)
Proceeds from notes payable	$2,904,662		$9,850,000	$12,600,000	
Repayments of notes payable	($609,084)	($2,152,748)	($342,830)	($17,862,518)	($2,937,482)
Proceeds from subordinated debt	$500,000	$1,000,000	$1,000,000		
Distributions to stockholders	($775,000)	($1,173,975)	($2,537,500)	($3,940,000)	($3,461,866)
Note receivable, stockholder	($1,359,242)				
Issuance of common stock					$5,000,012
Reacquisition of treasury stock					($5,884,559)
Net cash (used in) provided by financing activities	$661,336	($2,326,723)	$7,969,670	$69,390,792	($29,361,978)
Net increase in cash	($205,740)	$329,374	($386,600)	$759,020	$1,148,604
Cash and cash equivalents at beginning of year	$982,345	$776,605	$1,105,979	$719,379	$1,478,399
Cash and cash equivalents at end of year	$776,605	$1,105,979	$719,379	$1,478,399	$2,627,003
Non-cash investing and financing activities					
Contribution of non-cash assets to non-consolidated					
affiliates					$135,106
Conversion of notes payable to common stock					$1,000,000
Conversion of notes receivable-stockholder and due					
from related entities to converible note receivable-					
related party					$7,756,554
Supplemental disclosure of cash flow information					
Cash paid during the year for interest	$287,376	$375,595	$460,715	$6,717,923	$7,554,772

EXHIBIT E

Weiser

SFC Loan Loss Reserve Computation	Dec-98	Dec-99	Dec-00	Sep-01
Receivables after unearned discount, as reported	$12,735	$74,522	$52,503	$168,443
Recomputed default rate, without forbearance payments - based on loans seasoned at least one year	41.5%	43.5%	52.2%	65.9%
Computed receivable reserve for credit losses	($5,285)	($32,417)	($27,407)	($111,004)
Less: SFC's management's allowance for credit losses	$1,800	$15,078	$6,047	$21,799
Additional allowance necessary	($3,485)	($17,339)	($21,360)	($89,205)

EXHIBIT F

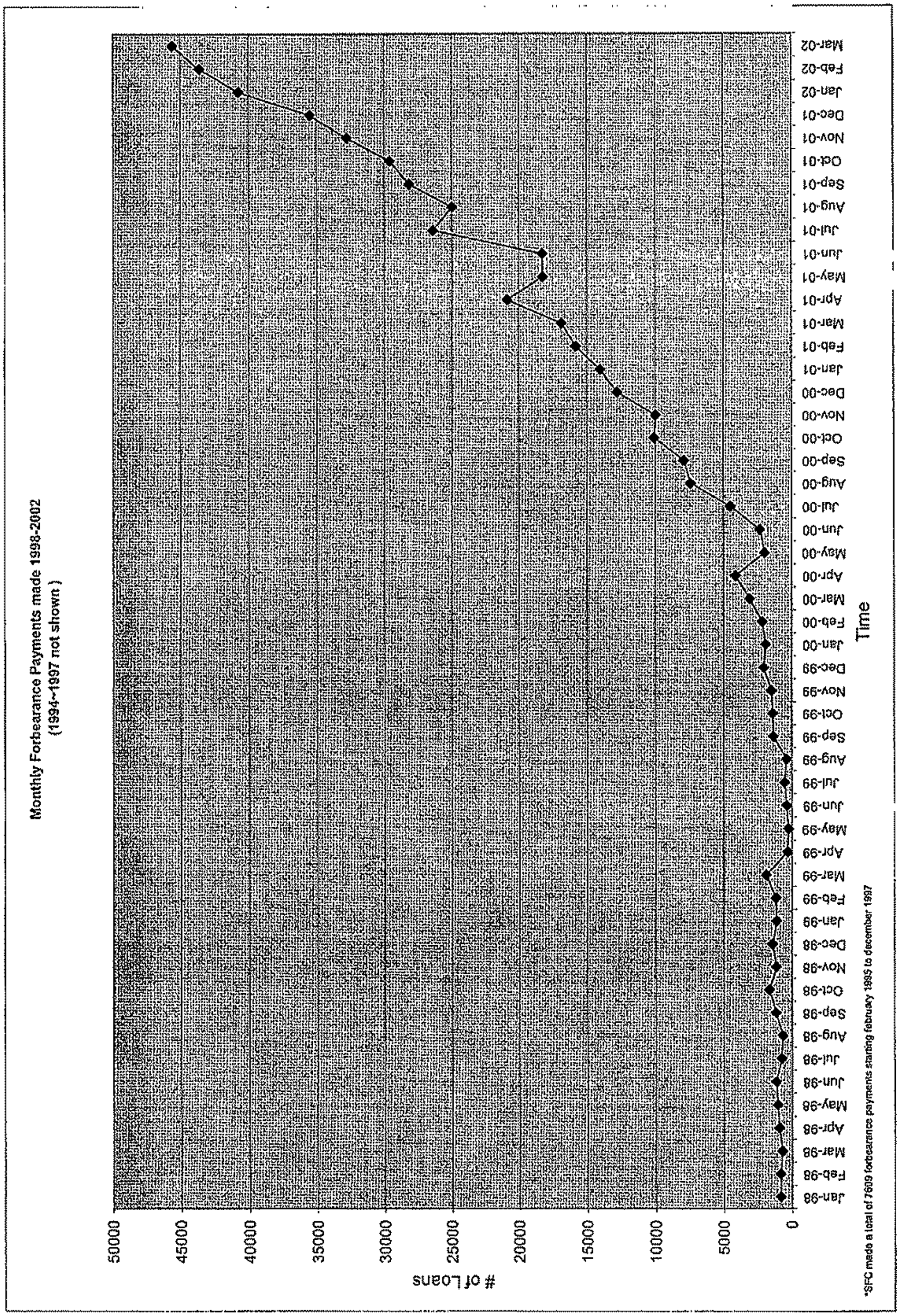
Weiser

SFC
Insolvency Analysis - Profit and Loss Adjustments
($ in 000's)

	Dec-97	Dec-98	Dec-99	Dec-00	Sep-01	Notes:
Net income (loss), as reported	$1,061	($830)	($7,964)	$20,090	$542	Sum of 98 thru Sep 01: $11,838
Adjustments						
Less: BestBank repurchase liability		($6,600)			$6,600	Settlement with FDIC for $9 million in July 2001
Less: additional reserve for loan losses		($3,485)	($13,854)	($4,021)	($67,845)	
Less: elimination of gain on sale				($34,853)	($18,401)	
Other adjustments (not computed)						
Total adjustments		($10,085)	($13,854)	($38,874)	($79,646)	
Recomputed total adjusted net (loss)	**$1,061**	**($10,915)**	**($21,818)**	**($18,784)**	**($79,104)**	*Sum 98–Sept 01* *($130,621)*
Plus: beginning shareholder's (deficit) equity, *as reported (12/31/96) recomputed thereafter*	$31	($81)	($13,533)	($39,291)	($61,421)	
Less: distributions to Yao & Related Parties	$1,173	$2,537	$3,940	$3,461	$2,395	*Sum 97 – Sept 01* *$13,506*
Plus: stock transactions				$115	($1,046)	
Recomputed shareholder's (deficit) equity	**($81)**	**($13,533)**	**($39,291)**	**($61,421)**	**($143,966)**	

EXHIBIT G

Weiser


Monthly Forbearance Payments made 1998-2002
(1994~1997 not shown)
# of Loans
50000
45000
40000
35000
30000
25000
20000
15000
10000
5000
0
Time
Jan-98
Feb-98
Mar-98
Apr-98
May-98
Jun-98
Jul-98
Aug-98
Sep-98
Oct-98
Nov-98
Dec-98
Jan-99
Feb-99
Mar-99
Apr-99
May-99
Jun-99
Jul-99
Aug-99
Sep-99
Oct-99
Nov-99
Dec-99
Jan-00
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Mar-00
Apr-00
May-00
Jun-00
Jul-00
Aug-00
Sep-00
Oct-00
Nov-00
Dec-00
Jan-01
Feb-01
Mar-01
Apr-01
May-01
Jun-01
Jul-01
Aug-01
Sep-01
Oct-01
Nov-01
Dec-01
Jan-02
Feb-02
Mar-02
*SFC made a total of 7609 forbearance payments starting february 1995 to december 1997

EXHIBIT H

Documents Reviewed

Student Finance Corporation Ch 7
Report of Harry Steinmetz and Weiser LLP - May 7, 2007

1) SFC's financial statements 1994 through September 2001
2) SFC's Quickbooks accounting records
3) SFC student loan database and data dictionaries
4) Excel schedules listing default notice information sent after April 2002 ~ December 2004
5) November 30, 1998 emailed memorandum from Scott Schauer, Loofbourrow, to Joe Domal, Royal, regarding 25% default rate expectations
6) January 14, 2003 letter from John Loofbourrow to Catherine Lau (XL Capital Assurance) regarding SFC default rate reporting under 25%
7) Letter to Credit Committee - C. Vickers Oct 2001 memo to Credit Committee on Asset Quality Issues Bates Stamp: 004176
8) Loan Dispute Procedure - SFC policy on mgmt controls on processing of loan disputes handled by SLS – Bates GT 00296-
9) SFC Internal Loan Forbearance Procedure Policy and SFC Policies and Procedure Manuals
10) Royal Credit Risk Insurance Policy – RST 293334 – Jan 22, 1999 - Beneficiary SFC Grantor Trust, Series 2000-1 - $50 million coverage.
11) Warehouse Line of Credit Agreement between SFC Financial I, LLC and Wilmington Trust – January 22, 1999
12) Student Loan Warehouse Credit Facility. SFC Financial II, LLC, as borrower and Market Street Capital Corporation, as lender, July 16, 1999
13) SFC Grantor Trust, Series 2000-1, April 19, 2000, Closing Binder – Tab 1 PPM, Tab 3~59,
14) SFC - $5 million loan made by SWH Funding Corp and Spectrum to SFC Financial III, LLC – February 11, 2000 - Closing Documents Volume I and II
15) Student Loan Warehouse Credit Facility – SFC Financial II, LLC as borrower and Market Street Capital, as lender – July 16, 1999- Closing Binder
16) Private Placement Memorandum ("PPM") $48.4 million SFC Grantor Trust Series 2000-3 Student Loan Pass-Through Certificates – Settlor of Trust SFC Acceptance IV – Wells Fargo Trustee - Private Placement Memorandum
17) PPM $29.9 million SFC Grantor Trust Series 2000-4 Student Loan Pass-Through Certificates – Settlor of Trust – SFC Acceptance V – Trustee: Wells - Private Placement Memorandum
18) PPM $55.6 million SFC Grantor Trust Series 2001-1 Student Loan Pass-Through Certificates – Settlor of Trust – SFC Acceptance VI – Trustee: Wells - Private Placement Memorandum ("PPM")
19) PPM $7.5 million SFC Grantor Trust Series 1996-1 Student Loan Pass-Through Certificates – Settlor of Trust – SFC Acceptance – Trustee: Bankers Trust - PPM
20) PPM $80 million SFC Grantor Trust Series 2001-3 Student Loan Pass-Through Certificates – Settlor of Trust – SFC Acceptance VIII – Trustee: Wells - PPM
21) PPM $48.2 million SFC Grantor Trust Series 2001-2 Student Loan Pass-Through Certificates – Settlor of Trust – SFC Acceptance VII – Trustee: Wells PPM
22) PPM $53.1 million SFC Grantor Trust Series 2000-2 Student Loan Pass-Through Certificates – Settlor of Trust – SFC Acceptance III – Trustee: Wells PPM
23) PPM $50 million SFC Grantor Trust Series 2000-1 Student Loan Pass-Through Certificates – Settlor of Trust – SFC Acceptance II – Trustee: WellsPPM
24) SLS and SFC Acceptance III and Wells Fargo Pooling and Servicing Agreement – SFC Grantor Trust Series 2000-2 – August 16, 2000
25) SLS and SFC Acceptance III and Wells Fargo Pooling and Servicing Agreement – SFC Grantor Trust Series 2000-3 – October 6, 2000
26) SFC Company Overview Binder Prepared by SFC Mgmt in Ch 11 – October 3, 2003
27) Charlotte Vickers Asset Quality Issues – Oct 22, 2001 - Memo with support package.
28) SLS – Early Default Queue as of Feb 28 2002 – prepared by Janet Garnett of SLS, Various Year 2000~2001~2002 Operations Committee and Credit Committee reports
29) Servicer Reports – 1996 Grantor Trust, Grantor Trust 2000-1, 2000-2, 2000-3, 2000-4, 2001-1, 2001-2, 2001-3, 2001A-1

Weiser

Documents Reviewed

Student Finance Corporation Ch 7
Report of Harry Steinmetz and Weiser LLP - May 7, 2007

30) Royal Insurance Proof of Claim, State Court Complaint, Settlement Agreement with Ch 7 Trustee, Complaint Against SFC
31) Affidavit of Gary Hawthorne – FDIC\BestBank vs. SFC - WSFC0085062~67
32) Settlement Agreement Between FDIC\BestBank vs. SFC – WSFC0089495
33) BestBank Student Tuition Installment Loan Reserve Agreement and Security Agreement – Pepper 045104~45124
34) Trucking school student loan purchase agreements with SFC
35) Terence Gill, counsel for SFC, Settlement Statements to Judge, BestBank vs. SFC
36) FDIC\BestBank vs. SFC, First Amended Complaint – WSFC0088293
37) Student Finance Group, Executive Committee, October 31, 2001, Nov 29, 2001 Minutes – ACCT-TR 3898~3908
38) Deposition of Guy DiSimplico, former SFC employee

EXHIBIT I

Weiser

Weiser

Harry C. Steinmetz, CPA, CFE
Partner, Business Investigations Services
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New York, NY 10020

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Mr. Steinmetz specializes in forensic accounting services, corporate restructuring, bankruptcy and insolvency, securitizations, business valuations and mergers and acquisitions. He currently assists over 20 financial institutions and investment firms in assessing their internal credit risk and credit decisions, monitoring and evaluating their customers' financial and operational performance as well as their customer's compliance with their covenants and policies. He has evaluated specialized/esoteric financial products for institutions such as Lehman Brothers, Credit Swiss First Boston, JP Morgan Chase, PNC Bank and other financial institutions. These analyses ranged from structured financial products (securitizations of consumer loans, auto loans, student loans, commercial accounts receivable including health care, CMOs, CDOs, etc.) to securities offerings of creative financial instruments.

Mr. Steinmetz evaluates accounting systems, identifying weaknesses and recommending improvements. Along with due diligence and analysis of financial information, he structures mergers and acquisition transactions. Mr. Steinmetz has acted as an expert witness in litigation and arbitration.

Affiliations

New York State Society of Certified Public Accountants
- Apparel and Textile Committee, Publishing and Printing Committee, Hotel and Restaurant Committee, Cooperation with Commercial Credit Grantors Committee, Cooperation with Bankers Committee, Bankruptcy and Insolvency Committee

New Jersey State Society of Certified Public Accountants
American Institute of Certified Public Accountants
Healthcare Financial Management Association
American Association of Certified Fraud Examiners
American Board of Forensic Specialties
National Association for Corporate Growth
Commercial Finance Association Education Foundation
American Bankruptcy Institute
Association of Insolvency and Restructuring Advisors
Turnaround Management Association

Publications and Speeches

"Collateral Evaluations" speech before New Jersey State Society of CPAs.
Series of presentations for financial and lending executives.
"Due Diligence" speech before the New York Institute of Credit.
"Warning Signals for Troubled Loans," speech before Barclays Bank.
"Collateral Monitoring," speech before Citibank.
"Compilation, Review and Analysis of Financial Statement," speech before United Jersey Bank, Republic National Bank and Israel Discount Bank.

Licenses and Accreditations

Certified Public Accountant, New York and New Jersey
Certified Fraud Examiner

Education

BS in Accounting, Brooklyn College

Harry Steinmetz - Securitization Matters:

Subject Company	Type of Securitization (if applicable)	Weiser LLP Role	Issue	Litigation Matter Yes or No	Report to Court Yes or No	Deposed Yes or No	Witness Testimony Yes or No
			Determine default & delinquency rates & adherence to underwriting principles				
JCM Capital -vs- Broza Block & Ruino & Steriltex	N/A	Expert witness	Accountant Malpractice	Yes	No	Yes	Yes
Nisho Iwai American Corp -vs- Louis P. Ferris Jr.	Equipment Leasing	Expert witness	Accountant Malpractice Re: Default Rates	Yes	No	No	No
Commercial Financial Services	SubPrime Credit Cards		Accountant Malpractice				
Adelphia Communications Corporation	Media & Cable	Financial Advisor to creditors committee	Intercompany balances, taxes	No	No	No	No
			Defaults, Reporting, Systems, underwriting compliance				
National Century Financial	Finance Co. (Health Care)	Troubled Co. evaluations	Defaults, Reporting, Systems, underwriting compliance	Bankruptcy -acted as financial advisor to ad hoc creditors committee	No	No	No
			Defaults, Reporting, Systems, underwriting compliance				
Auto Bond	SubPrime Auto	Troubled Co. evaluations	Defaults, Reporting, Systems, underwriting compliance	No	No	No	No
			Defaults, Reporting, Systems, underwriting compliance				
Daiwa Securities	Healthcare Receivables	Monitor collateral performance on 12 healthcare providers in portfolio	Determine default & delinquency rates & adherence to underwriting principles	No	No	No	No
	Healthcare, structured settlements, Phone Co. receivables, Auto Lease, Trade receivables						